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108TH CONGRESS  
1ST SESSION

**S. 380**

[Report No. 108-\_\_\_\_]

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2003

Ms. COLLINS (for herself, Mr. CARPER, Mr. BROWNBACK, Mr. STEVENS, Mr. VOINOVICH, Mr. LIEBERMAN, Mr. DURBIN, Mr. ALLEN, Mr. BENNETT, Mr. PRYOR, Mr. JEFFORDS, Mr. SUNUNU, and Mr. COLEMAN) introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

MARCH \_\_\_\_ (legislative day, \_\_\_\_\_), 2003

Reported by Ms. COLLINS, from the Committee on Governmental Affairs, with  
an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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**A BILL**

To amend chapter 83 of title 5, United States Code, to reform the funding of benefits under the Civil Service Retirement System for employees of the United States Postal Service, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Postal Civil Service  
3 Retirement System Funding Reform Act of 2003”.

4 **SEC. 2. CIVIL SERVICE RETIREMENT SYSTEM.**

5 (a) DEFINITIONS.—Section 8331 of title 5, United  
6 States Code, is amended—

7 (1) in paragraph (17)—

8 (A) by striking “normal cost” the first  
9 place that term appears and inserting “normal  
10 cost percentage”; and

11 (B) by inserting “and standards (using dy-  
12 namic assumptions)” after “practice”;

13 (2) by striking paragraph (18) and inserting  
14 the following:

15 “(18) ‘Fund balance’—

16 “(A) means the current net assets of the  
17 Fund available for payment of benefits, as de-  
18 termined by the Office in accordance with ap-  
19 propriate accounting standards; and

20 “(B) shall not include any amount attrib-  
21 utable to—

22 “(i) the Federal Employees’ Retirement  
23 System; or

24 “(ii) contributions made under the  
25 Federal Employees’ Retirement Contribu-  
26 tion Temporary Adjustment Act of 1983

1 by or on behalf of any individual who be-  
2 came subject to the Federal Employees'  
3 Retirement System;";

4 (3) in paragraph (27), by striking "and" at the  
5 end;

6 (4) in paragraph (28), by striking the period  
7 and inserting "and"; and

8 (5) by adding at the end the following:

9 "(29) 'dynamic assumptions' means economic  
10 assumptions that are used in determining actuarial  
11 costs and liabilities of a retirement system and in  
12 anticipating the effects of long-term future—

13 "(A) investment yields;

14 "(B) increases in rates of basic pay; and

15 "(C) rates of price inflation.".

16 (b) DEDUCTIONS, CONTRIBUTIONS, AND DEPOS-  
17 ITS.—Section 8334 of title 5, United States Code, is  
18 amended by striking the matter following the section head-  
19 ing through paragraph (1) and inserting the following:

20 "(a)(1)(A) The employing agency shall deduct and  
21 withhold from the basic pay of an employee, Member, con-  
22 gressional employee, law enforcement officer, firefighter,  
23 bankruptcy judge, judge of the United States Court of Ap-  
24 peals for the Armed Forces, United States magistrate  
25 judge, Court of Federal Claims judge, member of the Cap-

1 itol Police, member of the Supreme Court Police, or nu-  
2 clear materials courier, as the case may be, the percentage  
3 of basic pay applicable under subsection (c).

4 “(B)(i) Except in the case of an employee of the  
5 United States Postal Service, an equal amount shall be  
6 contributed from the appropriation or fund used to pay  
7 the employee or, in the case of an elected official, from  
8 an appropriation or fund available for payment of other  
9 salaries of the same office or establishment. When an em-  
10 ployee in the legislative branch is paid by the Chief Admin-  
11 istrative Officer of the House of Representatives, the Chief  
12 Administrative Officer may pay from the applicable ac-  
13 counts of the House of Representatives the contribution  
14 that otherwise would be contributed from the appropria-  
15 tion or fund used to pay the employee.

16 “(ii) In the case of an employee of the United States  
17 Postal Service, an amount shall be contributed from the  
18 appropriation or fund used to pay the employee equal to  
19 the difference between—

20 “(I) the product of—

21 “(aa) the basic pay of that employee; and

22 “(bb) the normal cost percentage applica-  
23 ble to the employee category of that employee  
24 under paragraph (1)(A); and

25 “(H) the product of—

1                   “(aa) the basic pay of that employee; and

2                   “(bb) the percentage applicable to that em-

3                   ployee under subsection (c) deducted from basic

4                   pay under paragraph (1)(A).”.

5           (c) CIVIL SERVICE RETIREMENT AND DISABILITY

6 FUND.—

7           (1) IN GENERAL.—Section 8348 of title 5,

8           United States Code, is amended by striking sub-

9           section (h) and inserting the following:

10          “(h)(1)(A) In this subsection, the term ‘Postal sup-

11          plemental liability’ means the estimated excess, as deter-

12          mined by the Office of Personnel Management, of the dif-

13          ference between—

14               “(i) the actuarial present value of all future

15               benefits payable from the Fund under this sub-

16               chapter attributable to the service of current or

17               former employees of the United States Postal Serv-

18               ice; and

19               “(ii) the sum of—

20               “(I) the actuarial present value of deduc-

21               tions to be withheld from the future basic pay

22               of employees of the United States Postal Serv-

23               ice currently subject to this subchapter under

24               section 8334;

1           “(II) the actuarial present value of the fu-  
2           ture contributions to be made under section  
3           8334 with respect to employees of the United  
4           States Postal Service currently subject to this  
5           subchapter;

6           “(III) that portion of the Fund balance, as  
7           of the date the Postal supplemental liability is  
8           determined, attributable to payments to the  
9           Fund by the United States Postal Service and  
10          employees of the United States Postal Service;  
11          including earnings on those payments; and

12          “(IV) any other appropriate amount, as  
13          determined by the Office in accordance with  
14          generally accepted actuarial practices and prin-  
15          ciples.

16          “(B)(i) In computing the actuarial present value of  
17          future benefits, the Office shall include the full value of  
18          benefits attributable to military and volunteer service for  
19          United States Postal Service employees first employed  
20          after June 30, 1971, and a prorated share of the value  
21          of benefits attributable to military and volunteer service  
22          for United States Postal Service employees first employed  
23          before July 1, 1971.

1       “(ii) Military service included in the computation  
2 under clause (i) shall not be included in computation of  
3 the payment required under subsection (g)(2).-

4       “(2)(A) Not later than June 30, 2004, the Office of  
5 Personnel Management shall determine the Postal supple-  
6 mental liability, as of September 30, 2003. The Office  
7 shall establish an amortization schedule, including a series  
8 of equal annual installments commencing September 30,  
9 2004, which provides for the liquidation of such liability  
10 by September 30, 2043.

11       “(B) The Office shall redetermine the Postal supple-  
12 mental liability as of the close of the fiscal year, for each  
13 fiscal year beginning after September 30, 2003, through  
14 the fiscal year ending September 30, 2038, and shall es-  
15 tablish a new amortization schedule, including a series of  
16 equal annual installments commencing on September 30  
17 of the subsequent fiscal year, which provides for the liq-  
18 uidation of such liability by September 30, 2043.

19       “(C) The Office shall redetermine the Postal supple-  
20 mental liability as of the close of the fiscal year for each  
21 fiscal year beginning after September 30, 2038, and shall  
22 establish a new amortization schedule, including a series  
23 of equal annual installments commencing on September  
24 30 of the subsequent fiscal year, which provides for the  
25 liquidation of such liability over 5 years.

1       ~~“(D) Amortization schedules established under this~~  
2     ~~paragraph shall be set in accordance with generally accept-~~  
3     ~~ed actuarial practices and principles, with interest com-~~  
4     ~~puted at the rate used in the most recent valuation of the~~  
5     ~~Civil Service Retirement System.~~

6       ~~“(E) The United States Postal Service shall pay the~~  
7     ~~amounts determined under this paragraph for deposit in~~  
8     ~~the Fund, with payments due not later than the date~~  
9     ~~scheduled by the Office.~~

10      ~~“(3) Notwithstanding any other provision of law, in~~  
11     ~~computing the amount of any payment under any provi-~~  
12     ~~sion other than this subsection that is based upon the~~  
13     ~~amount of the unfunded liability, such payment shall be~~  
14     ~~computed disregarding that portion of the unfunded liabil-~~  
15     ~~ity that the Office determines will be liquidated by pay-~~  
16     ~~ments under this subsection.”.~~

17             ~~(2) TECHNICAL AND CONFORMING AMEND-~~  
18     ~~MENT.—Section 8334 of title 5, United States Code,~~  
19     ~~is amended by striking subsection (m).~~

20     ~~(d) OTHER PAYMENTS.—~~

21             ~~(1) IN GENERAL.—Section 7101(e) of the Om-~~  
22     ~~nibus Budget Reconciliation Act of 1990 (5 U.S.C.~~  
23     ~~8348 note; Public Law 101–508; 104 Stat. 1388–~~  
24     ~~331) is repealed.~~



1           ~~(2) EFFECT ON PRIOR PAYMENTS.—~~The repeal  
2           under paragraph ~~(1)~~ shall have no effect on pay-  
3           ments made under the repealed provisions before the  
4           date of enactment of this Act.

5   **SEC. 3. DISPOSITION OF SAVINGS ACCRUING TO THE**  
6                           **UNITED STATES POSTAL SERVICE.**

7           ~~(a) IN GENERAL.—~~Savings accruing to the United  
8           States Postal Service as a result of the enactment of this  
9           Act shall be used to reduce the postal debt to such extent  
10          and in such manner as the Secretary of the Treasury shall  
11          specify, consistent with succeeding provisions of this sec-  
12          tion.

13          ~~(b) AMOUNTS SAVED.—~~

14               ~~(1) IN GENERAL.—~~The amounts representing  
15               any savings accruing to the Postal Service in any  
16               fiscal year as a result of the enactment of this Act  
17               shall be computed by the Office of Personnel Man-  
18               agement in accordance with paragraph ~~(2)~~.

19               ~~(2) METHODOLOGY.—~~Not later than July 31,  
20               2003, for fiscal year 2003, and October 1 of the fis-  
21               cal year before each fiscal year beginning after Sep-  
22               tember 30, 2003, and before the date specified in  
23               paragraph ~~(4)~~, the Office of Personnel Management  
24               shall—

1           (A) formulate a plan specifically enumer-  
2           ating the methods by which the Office shall  
3           make its computations under paragraph (1);  
4           and

5           (B) submit such plan to the Committee on  
6           Government Reform of the House of Represent-  
7           atives and the Committee on Governmental Af-  
8           fairs of the Senate.

9           ~~(3) REQUIREMENTS.—~~Each such plan shall be  
10          formulated in consultation with the Postal Service  
11          and shall include the opportunity for the Postal  
12          Service to request reconsideration of computations  
13          under this subsection, and for the Board of Actu-  
14          aries of the Civil Service Retirement System to re-  
15          view and make adjustments to such computations, to  
16          the same extent and in the same manner as provided  
17          under section 8423(e) of title 5, United States Code.

18          ~~(4) DURATION.—~~Nothing in this subsection or  
19          subsection (a) shall be considered to apply with re-  
20          spect to any fiscal year beginning on or after Octo-  
21          ber 1, 2007.

22          ~~(c) REPORTING REQUIREMENT.—~~The Postal Service  
23          shall include in each report which is rendered under sec-  
24          tion 2402 of title 39, United States Code, and which re-  
25          lates to any period after the date of the enactment of this

1 Act and before the date specified in subsection (b)(4), the  
2 amount applied toward reducing the postal debt, and the  
3 size of the postal debt before and after the application of  
4 subsection (a), during the period covered by such report.

5 (d) **POSTAL DEBT DEFINED.**—For purposes of this  
6 section, the term “postal debt” means the outstanding ob-  
7 ligations of the Postal Service, as determined under chap-  
8 ter 20 of title 39, United States Code.

9 (e) **SENSE OF CONGRESS.**—It is the sense of the Con-  
10 gress that—

11 (1) the savings accruing to the Postal Service  
12 as a result of the enactment of this Act will be suffi-  
13 cient to allow the Postal Service to fulfill its commit-  
14 ment to hold postage rates unchanged until at least  
15 2006;

16 (2) because the Postal Service still faces sub-  
17 stantial obligations related to postretirement health  
18 benefits for its current and former employees, some  
19 portion of the savings referred to in paragraph (1)  
20 should be used to address those unfunded obliga-  
21 tions; and

22 (3) none of the savings referred to in paragraph  
23 (1) should be used to pay bonuses to Postal Service  
24 executives.

1       (f) REPORT RELATING TO UNFUNDED HEALTHCARE  
2 COSTS.—

3           (1) IN GENERAL.—The United States Postal  
4 Service shall, by December 31, 2003, in consultation  
5 with the General Accounting Office, prepare and  
6 submit to the President and the Congress a report  
7 describing how the Postal Service proposes to ad-  
8 dress its obligations relating to unfunded postretire-  
9 ment healthcare costs of current and former postal  
10 employees.

11          (2) PRESIDENT'S COMMISSION.—In preparing  
12 its report under this subsection, the Postal Service  
13 should consider the report of the President's Com-  
14 mission on the United States Postal Service under  
15 section 5 of Executive Order 13278 (67 Fed. Reg.  
16 76672).

17          (3) GAO REVIEW AND REPORT.—Not later than  
18 30 days after the Postal Service submits its report  
19 pursuant to paragraph (1), the General Accounting  
20 Office shall prepare and submit a written evaluation  
21 of such report to the Committee on Government Re-  
22 form of the House of Representatives and the Com-  
23 mittee on Governmental Affairs of the Senate.

24       (g) DETERMINATION AND DISPOSITION OF SUR-  
25 PLUS.—

1           (1) ~~IN GENERAL.~~—If, as of the date under  
2       paragraph (2), the Office of Personnel Management  
3       determines (after consultation with the Postmaster  
4       General) that the computation under section  
5       8348(h)(1)(A) of title 5, United States Code, yields  
6       a negative amount (hereinafter referred to as a  
7       “surplus”)—

8           (A) the Office shall inform the Postmaster  
9       General of its determination, including the size  
10      of the surplus so determined; and

11          (B) the Postmaster General shall submit to  
12      the Congress a report describing how the Postal  
13      Service proposes that such surplus be used, in-  
14      cluding a draft of any legislation that might be  
15      necessary.

16          (2) ~~DETERMINATION DATE.~~—The date to be  
17      used for purposes of paragraph (1) shall be Sep-  
18      tember 30, 2025, or such earlier date as, in the  
19      judgment of the Office, is the date by which all post-  
20      al employees under the Civil Service Retirement Sys-  
21      tem will have retired.

22   **SEC. 4. EFFECTIVE DATE.**

23          (a) ~~IN GENERAL.~~—This Act shall take effect on the  
24      date of enactment of this Act.

1       (b) APPLICATION.—Section 8334(a)(1)(B)(ii) of title  
2 5, United States Code (as added by section 2(b) of this  
3 Act), shall apply only with respect to pay periods begin-  
4 ning on or after the date of enactment of this Act.

5 **SECTION 1. SHORT TITLE.**

6       *This Act may be cited as the “Postal Civil Service Re-*  
7 *tirement System Funding Reform Act of 2003”.*

8 **SEC. 2. CIVIL SERVICE RETIREMENT SYSTEM.**

9       (a) DEFINITIONS.—Section 8331 of title 5, United  
10 States Code, is amended—

11           (1) in paragraph (17)—

12                   (A) by striking “normal cost” the first place  
13                   that term appears and inserting “normal cost  
14                   percentage”; and

15                   (B) by inserting “and standards (using dy-  
16                   namic assumptions)” after “practice”;

17           (2) by striking paragraph (18) and inserting the  
18 following:

19                   “(18) ‘Fund balance’—

20                           “(A) means the current net assets of the  
21                           Fund, as determined by the Office in accordance  
22                           with appropriate accounting standards; and

23                           “(B) shall not include any amount attrib-  
24                           utable to—

1                   “(i) *the Federal Employees’ Retirement*  
2                   *System; or*

3                   “(ii) *contributions made under the*  
4                   *Federal Employees’ Retirement Contribu-*  
5                   *tion Temporary Adjustment Act of 1983 by*  
6                   *or on behalf of any individual who became*  
7                   *subject to the Federal Employees’ Retire-*  
8                   *ment System;”;*

9                   (3) *in paragraph (27), by striking “and” at the*  
10                  *end;*

11                  (4) *in paragraph (28), by striking the period*  
12                  *and inserting “; and”; and*

13                  (5) *by adding at the end the following:*

14                  “(29) *‘dynamic assumptions’ means economic*  
15                  *assumptions that are used in determining actuarial*  
16                  *costs and liabilities of a retirement system and in an-*  
17                  *tipating the effects of long-term future—*

18                         “(A) *investment yields;*

19                         “(B) *increases in rates of basic pay; and*

20                         “(C) *rates of price inflation.”.*

21                  (b) *DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.—*

22                  *Section 8334 of title 5, United States Code, is amended by*  
23                  *striking the matter following the section heading through*  
24                  *paragraph (1) and inserting the following:*

1       “(a)(1)(A) *The employing agency shall deduct and*  
2 *withhold from the basic pay of an employee, Member, con-*  
3 *gressional employee, law enforcement officer, firefighter,*  
4 *bankruptcy judge, judge of the United States Court of Ap-*  
5 *peals for the Armed Forces, United States magistrate judge,*  
6 *Court of Federal Claims judge, member of the Capitol Po-*  
7 *lice, member of the Supreme Court Police, or nuclear mate-*  
8 *rials courier, as the case may be, the percentage of basic*  
9 *pay applicable under subsection (c).*

10       “(B)(i) *Except in the case of an employee of the United*  
11 *States Postal Service, an equal amount shall be contributed*  
12 *from the appropriation or fund used to pay the employee*  
13 *or, in the case of an elected official, from an appropriation*  
14 *or fund available for payment of other salaries of the same*  
15 *office or establishment. When an employee in the legislative*  
16 *branch is paid by the Chief Administrative Officer of the*  
17 *House of Representatives, the Chief Administrative Officer*  
18 *may pay from the applicable accounts of the House of Rep-*  
19 *resentatives the contribution that otherwise would be con-*  
20 *tributed from the appropriation or fund used to pay the*  
21 *employee.*

22       “(ii) *In the case of an employee of the United States*  
23 *Postal Service, an amount shall be contributed from the ap-*  
24 *propriation or fund used to pay the employee equal to the*  
25 *difference between—*



1           “(I) the product of—

2                 “(aa) the basic pay of that employee; and

3                 “(bb) the normal cost percentage applicable

4           to the employee category of that employee under

5           paragraph (1)(A); and

6           “(II) the product of—

7                 “(aa) the basic pay of that employee; and

8                 “(bb) the percentage applicable to that em-

9           ployee under subsection (c) deducted from basic

10          pay under paragraph (1)(A).”.

11          (c) *CIVIL SERVICE RETIREMENT AND DISABILITY*

12   *FUND.*—

13           (1) *IN GENERAL.*—Section 8348 of title 5,

14   *United States Code, is amended by striking subsection*

15   *(h) and inserting the following:*

16           “(h)(1)(A) *In this subsection, the term ‘Postal supple-*

17   *mental liability’ means the estimated excess, as determined*

18   *by the Office of Personnel Management, of the difference*

19   *between—*

20                 “(i) the actuarial present value of all future ben-

21   *efits payable from the Fund under this subchapter at-*

22   *tributable to the service of current or former employ-*

23   *ees of the United States Postal Service; and*

24                 “(ii) the sum of—

1           “(I) the actuarial present value of deduc-  
2           tions to be withheld from the future basic pay of  
3           employees of the United States Postal Service  
4           currently subject to this subchapter under section  
5           8334;

6           “(II) the actuarial present value of the fu-  
7           ture contributions to be made under section 8334  
8           with respect to employees of the United States  
9           Postal Service currently subject to this sub-  
10          chapter;

11          “(III) that portion of the Fund balance, as  
12          of the date the Postal supplemental liability is  
13          determined, attributable to payments to the  
14          Fund by the United States Postal Service and  
15          employees of the United States Postal Service,  
16          including earnings on those payments; and

17          “(IV) any other appropriate amount, as de-  
18          termined by the Office in accordance with gen-  
19          erally accepted actuarial practices and prin-  
20          ciples.

21          “(B)(i) In computing the actuarial present value of  
22          future benefits, the Office shall include the full value of bene-  
23          fits attributable to military and volunteer service for United  
24          States Postal Service employees first employed after June  
25          30, 1971, and a prorated share of the value of benefits at-

1 *tributable to military and volunteer service for United*  
2 *States Postal Service employees first employed before July*  
3 *1, 1971.*

4       “(ii) *Military service included in the computation*  
5 *under clause (i) shall not be included in computation of*  
6 *the payment required under subsection (g)(2).*

7       “(2)(A) *Not later than June 30, 2004, the Office of*  
8 *Personnel Management shall determine the Postal supple-*  
9 *mental liability, as of September 30, 2003. The Office shall*  
10 *establish an amortization schedule, including a series of*  
11 *equal annual installments commencing September 30, 2004,*  
12 *which provides for the liquidation of such liability by Sep-*  
13 *tember 30, 2043.*

14       “(B) *The Office shall redetermine the Postal supple-*  
15 *mental liability as of the close of the fiscal year, for each*  
16 *fiscal year beginning after September 30, 2003, through the*  
17 *fiscal year ending September 30, 2038, and shall establish*  
18 *a new amortization schedule, including a series of equal an-*  
19 *nual installments commencing on September 30 of the sub-*  
20 *sequent fiscal year, which provides for the liquidation of*  
21 *such liability by September 30, 2043.*

22       “(C) *The Office shall redetermine the Postal supple-*  
23 *mental liability as of the close of the fiscal year for each*  
24 *fiscal year beginning after September 30, 2038, and shall*  
25 *establish a new amortization schedule, including a series*

1 *of equal annual installments commencing on September 30*  
2 *of the subsequent fiscal year, which provides for the liquida-*  
3 *tion of such liability over 5 years.*

4 “(D) *Amortization schedules established under this*  
5 *paragraph shall be set in accordance with generally accept-*  
6 *ed actuarial practices and principles based on the dynamic*  
7 *interest rate.*

8 “(E) *The United States Postal Service shall pay the*  
9 *amounts determined under this paragraph for deposit in*  
10 *the Fund, with payments due not later than the date sched-*  
11 *uled by the Office.*

12 “(3) *Notwithstanding any other provision of law, in*  
13 *computing the amount of any payment under any provi-*  
14 *sion other than this subsection that is based upon the*  
15 *amount of the unfunded liability, such payment shall be*  
16 *computed disregarding that portion of the unfunded liabil-*  
17 *ity that the Office determines will be liquidated by pay-*  
18 *ments under this subsection.”.*

19 (2) *TECHNICAL AND CONFORMING AMEND-*  
20 *MENT.—Section 8334 of title 5, United States Code,*  
21 *is amended by striking subsection (m).*

22 (d) *OTHER PAYMENTS.—*

23 (1) *IN GENERAL.—Section 7101(c) of the Omni-*  
24 *bis Budget Reconciliation Act of 1990 (5 U.S.C. 8348*

1       *note; Public Law 101–508; 104 Stat. 1388–331) is re-*  
2       *pealed.*

3               (2) *EFFECT ON PRIOR PAYMENTS.—The repeal*  
4       *under paragraph (1) shall have no effect on payments*  
5       *made under the repealed provisions before the date of*  
6       *enactment of this Act.*

7       **SEC. 3. DISPOSITION OF SAVINGS ACCRUING TO THE**  
8               **UNITED STATES POSTAL SERVICE.**

9               (a) *DEFINITION.—In this section, the term “postal*  
10       *debt” means the outstanding obligations of the Postal Serv-*  
11       *ice, as determined under chapter 20 of title 39, United*  
12       *States Code.*

13              (b) *IN GENERAL.—Savings accruing to the United*  
14       *States Postal Service as a result of the enactment of this*  
15       *Act shall be used to reduce the postal debt to such extent*  
16       *and in such manner as the Secretary of the Treasury, in*  
17       *consultation with the United States Postal Service, shall*  
18       *specify, consistent with this section.*

19              (c) *AMOUNTS SAVED.—*

20              (1) *IN GENERAL.—The amounts representing*  
21       *any savings accruing to the Postal Service in any fis-*  
22       *cal year as a result of the enactment of this Act shall*  
23       *be computed by the Office of Personnel Management*  
24       *in accordance with paragraph (2).*

1           (2) *METHODOLOGY.*—Not later than July 31,  
2           2003, the Office of Personnel Management shall—

3                 (A) formulate a plan specifically enumer-  
4                 ating the actuarial methods and assumptions by  
5                 which the Office shall make its computations  
6                 under paragraph (1); and

7                 (B) submit the plan to the Committee on  
8                 Governmental Affairs of the Senate and the  
9                 Committee on Government Reform of the House  
10                of Representatives.

11           (3) *REQUIREMENTS.*—The plan shall be formu-  
12           lated in consultation with the Postal Service and  
13           shall include the opportunity for the Postal Service to  
14           request reconsideration of computations under this  
15           subsection, and for the Board of Actuaries of the Civil  
16           Service Retirement System to review and make ad-  
17           justments to such computations, to the same extent  
18           and in the same manner as provided under section  
19           8423(c) of title 5, United States Code.

20           (4) *DURATION.*—Nothing in this subsection or  
21           subsection (b) shall be considered to apply with re-  
22           spect to any fiscal year beginning on or after October  
23           1, 2007.

24           (d) *REPORTING REQUIREMENT.*—The Postal Service  
25           shall include in each report which is rendered under section

1 2402 of title 39, United States Code, and which relates to  
2 any period after the date of the enactment of this Act and  
3 before the date specified in subsection (c)(4), the amount  
4 applied toward reducing the postal debt, and the size of the  
5 postal debt before and after the application of subsection  
6 (b), during the period covered by the report.

7 (e) *SENSE OF CONGRESS.*—It is the sense of Congress  
8 that—

9 (1) the savings accruing to the Postal Service as  
10 a result of the enactment of this Act will be sufficient  
11 to allow the Postal Service to fulfill its commitment  
12 to hold postage rates unchanged until at least cal-  
13 endar year 2006;

14 (2) because the Postal Service still faces substan-  
15 tial obligations related to postretirement health bene-  
16 fits for its current and former employees, some por-  
17 tion of the savings referred to under paragraph (1)  
18 should be used to address those unfunded obligations;  
19 and

20 (3) none of the savings referred to under para-  
21 graph (1) should be used in the computation of bo-  
22 nuses to Postal Service executives or managers.

23 (f) *REPORT RELATING TO UNFUNDED HEALTHCARE*  
24 *COSTS.*—

1           (1) *IN GENERAL.*—Not later than December 31,  
2           2003, the United States Postal Service shall prepare  
3           and submit to the President and Congress a report  
4           that—

5                     (A) describes how the Postal Service pro-  
6                     poses to address its obligations relating to un-  
7                     funded postretirement healthcare costs of current  
8                     and former postal employees; and

9                     (B) outlines how prior and future actuarial  
10                    accrued costs for postretirement healthcare bene-  
11                    fits and the amounts necessary to prefund those  
12                    costs are treated for purposes of financial state-  
13                    ment reporting and establishing rates of postage  
14                    and fees for postal services.

15           (2) *PRESIDENT’S COMMISSION.*—In preparing  
16           the report under this subsection, the Postal Service  
17           should consider the report of the President’s Commis-  
18           sion on the United States Postal Service under section  
19           5 of Executive Order 13278 (67 Fed. Reg. 76672).

20           (3) *GAO REVIEW AND REPORT.*—Not later than  
21           60 days after the Postal Service submits the report  
22           under paragraph (1), the General Accounting Office  
23           shall prepare and submit a written evaluation of the  
24           report to the Committee on Governmental Affairs of



1       *the Senate and the Committee on Government Reform*  
2       *of the House of Representatives.*

3       (g) *DETERMINATION AND DISPOSITION OF SUR-*  
4 *PLUS.—*

5           (1) *IN GENERAL.—If, as of the date under para-*  
6 *graph (2), the Office of Personnel Management deter-*  
7 *mines (after consultation with the Postmaster Gen-*  
8 *eral) that the computation under section*  
9 *8348(h)(1)(A) of title 5, United States Code, yields a*  
10 *negative amount (hereinafter referred to as a “sur-*  
11 *plus”)—*

12           (A) *the Office shall inform the Postmaster*  
13 *General of its determination, including the size*  
14 *of the surplus so determined; and*

15           (B) *the Postmaster General shall submit to*  
16 *Congress a report describing how the Postal*  
17 *Service proposes that surplus be used, including*  
18 *a draft of any necessary legislation.*

19           (2) *DETERMINATION DATE.—The date to be used*  
20 *for purposes of paragraph (1) shall be September 30,*  
21 *2025, or such earlier date as, in the judgment of the*  
22 *Office, is the date by which all postal employees under*  
23 *the Civil Service Retirement System will have retired.*

24       (h) *DISPOSITION OF SAVINGS REPORTS.—*

1           (1) *IN GENERAL.*—Not later than December 31,  
2           2004, and after that date, not later than 8 months  
3           preceding the date on which the Postal Service sub-  
4           mits any request for a recommended decision of rate  
5           adjustments under section 3622 of title 39, United  
6           States Code, the Postal Service shall submit to the  
7           Committee on Governmental Affairs of the Senate, the  
8           Committee on Government Reform of the House of  
9           Representatives, and the General Accounting Office a  
10          report (including a letter of comment on the report  
11          from the Secretary of the Treasury) on recommenda-  
12          tions for the disposition of future savings accruing to  
13          the Postal Service as a result of the enactment of this  
14          Act that considers—

15                (A) whether, and to what extent, those fu-  
16                ture savings should be used to address—

17                       (i) debt repayment;

18                       (ii) prefunding of postretirement  
19                       healthcare benefits for current and former  
20                       postal employees;

21                       (iii) productivity and cost saving cap-  
22                       ital investments;

23                       (iv) maintaining postal rate stability;

24                       and

25                       (v) any other matter; and

1                   (B) the report of the President's Commis-  
2                   sion on the United States Postal Service under  
3                   section 5 of Executive Order 13278 (67 Fed. Reg.  
4                   76672).

5                   (2) GAO REVIEW AND REPORT.—Not later than  
6                   45 days after the Postal Service submits a report  
7                   under paragraph (1), the General Accounting Office  
8                   shall prepare and submit a written evaluation of the  
9                   report to the Committee on Governmental Affairs of  
10                  the Senate and the Committee on Government Reform  
11                  of the House of Representatives.

12                  (3) POSTAL SERVICE ACTION ON RECOMMENDA-  
13                  TIONS.—The Postal Service may not take any action  
14                  to implement any recommendation for the disposition  
15                  of future savings in any report submitted under para-  
16                  graph (1), until 90 days after the date on which that  
17                  report is submitted.

18 **SEC. 4. EFFECTIVE DATE.**

19                  (a) IN GENERAL.—This Act shall take effect on the  
20                  date of enactment of this Act.

21                  (b) APPLICATION.—Section 8334(a)(1)(B)(ii) of title  
22                  5, United States Code (as added by section 2(b) of this Act),  
23                  shall apply only with respect to pay periods beginning on  
24                  or after the date of enactment of this Act.